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Arizona Corporation Commission

August 24, 2000

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Mr. Carl J. Kunasek, Chairman  
Arizona Corporation Commission  
1200 West Corporation Commission  
Phoenix, AZ 85007

AZ CORP COMMISSION  
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Dear Chairman Kunasek:

I live in Carefree and wish to respond to the rate increase requested by Black Mountain Gas Company. Some of the following questions I would like to have your commission ask Black Mountain Gas when they appear before your commission;

1. What due diligence work did NSP do before the purchase of Black Mountain Gas?
2. Did their due diligence work take into consideration the age of some of the existing plant and the need to replace this old plant?
3. Usually a large company justifies the purchase of a small company with the term "economies of scale", what economics of scale have taking place since the purchase?
4. Their revenues should continue to increase because of the growth in this area. I would think this would add to the bottom line and return on investment, why hasn't this taken place with the new owner?
5. Last but not least, what do Southwest Gas customers pay for service, compared to Black Mountain prices?

I expect after you consider all the information, your Commission will render a fair opinion for all parties.

Sincerely yours,

Greg Gardner  
P. O. Box 5690  
Carefree, AZ 85377